CONNECTED CRISIS

2021 Study

Edelman

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ABOUT THE STUDY

Edelman DXI conducted research among business executives in order to understand their views on the shifting landscape when it comes to crisis management.

Purpose of the research

Understanding executives' level of preparedness to crises, and the tools and platforms they use in response to crisis

Audience

100 x crisis management / business continuity executives per market – all individuals have a decision-making role for their organisation when it comes to crisis management. We ensure a mix of industries within the sample.

Markets

Canada, China, France, Germany, Saudi Arabia, Singapore, South Africa, UK, USA

Fieldwork

- The fieldwork for this 15-minute online survey was conducted between 7th July 2021 and 16th July 2021.

- A mix of company sizes have been surveyed – based on number of employees, as well as annual turnover – and industries on a global level.

- Statistical significance has been tested on 95% confidence level.

A WORLD OF CRISIS

01

PANDEMIC EFFECTS RIPPLE ACROSS BUSINESSES

SOCIAL MOVEMENTS LEAD TO A RECKONING FOR BUSINESS

CLIMATE CHANGE DRIVING BUSINESS EVOLUTION

CYBER ATTACKS EVOLVING AND INCREASING

WE ARE IN A WORLD OF CRISIS.

Crises can no longer be seen as **moments in time**.

88%

of executives have faced at least one large crisis with business impact over the past three years.

Executives have faced, on average, **four different types of crises over the past 3 years**, from cybersecurity and cybercrime issues through to digital attacks and product failures.

Edelman Connected Crisis 2021 Study. Q1. How many crises would you say your company has faced over the past 3 years? Base size: All respondents - 902. // Q2. Which of the following types of crises has your company faced in the past 3 years? / Base size: All respondents - 902.

NEW CRISIS DYNAMICS ARE DISRUPTING BUSINESSES

The pervasive impact of digital channels has changed the way issues are formed, spread and sustained.

ACTIVISM IS EVERYWHERE

Over 7 in 10 (74%) executives say that recent social, diversity and inclusion activism is making crisis more difficult to manage

SYSTEMIC ISSUES RIPPLE THROUGH ECOSYSTEMS

7 in 10 (68%) executives say that crisis situations increasingly put their whole business at risk

WEAPONIZATION OF CRISIS

3 in 4 executives (75%) say misinformation and disinformation issues pose an increasing threat to companies

RISE OF THE "MEGA CRISIS"

3 in 4 executives say the digital-first landscape (i.e. use of social media and digital channels) is making issues and crises more difficult to manage

80%

BELIEVE THAT, IN A WORLD WHERE EVERYTHING IS CONNECTED, IT HAS NEVER BEEN MORE IMPORTANT TO BUILD CORPORATE AND BRAND RESILIENCE

Edelman Connected Crisis 2021 Study. Q19. To what extent do you agree or disagree with the following statements? 'In a world where everything is connected, it has never been more important to build corporate and brand resilience'. Base size: All respondents - 902.

CRISES ARE MULTIFACETED AND DIVERSE

Product and supply chain issues faced by more than half of executives in China

Includes consumer, employee and shareholder activism

Digital attacks and viral social media conversations faced by more executives in the US than any other country

% who have said their company has faced the following issues in the past 3 years

Issue	Global	Canada	China	France	Germany	Saudi Arabia	Singapore	South Africa	UK	USA
Product and supply chain issues	35%	32%	52%	24%	25%	41%	45%	29%	38%	32%
Labour issues and leadership changes	35%	49%	36%	28%	27%	33%	44%	41%	26%	31%
Financial, legal & regulatory issues	33%	24%	32%	31%	25%	34%	43%	38%	29%	43%
Cybersecurity and cybercrime	30%	32%	41%	29%	31%	27%	34%	29%	20%	26%
Technology failures	30%	32%	31%	20%	24%	24%	32%	43%	28%	32%
Activism against the company	29%	27%	33%	23%	21%	32%	24%	31%	33%	39%
Misconduct	27%	32%	20%	23%	23%	28%	29%	32%	27%	30%
Geopolitical and humanitarian issues	22%	28%	19%	19%	22%	19%	21%	17%	24%	30%
Online / Social media / Digital attacks	21%	20%	18%	21%	14%	13%	26%	25%	26%	28%
Environmental issues	18%	13%	28%	5%	9%	21%	16%	32%	11%	24%
Misinformation	16%	15%	21%	6%	15%	16%	18%	20%	18%	16%
Viral social media conversation	15%	15%	19%	6%	13%	13%	14%	13%	19%	22%
Diversity and inclusion	12%	11%	14%	14%	8%	9%	15%	15%	13%	12%
Terrorism	8%	12%	4%	5%	2%	10%	7%	8%	9%	15%

Edelman Connected Crisis 2021 Study. Q2. Which of the following types of crises has your company faced in the past 3 years? Base size: All respondents - 902. All respondents by country: 100 (101 in the USA / 101 in Singapore). *Figures in blue are significantly higher or lower than the global average, figures in black are significantly lower than the global average (95% confidence interval). Grey shading indicates the highest response for each market.*

LIKELIHOOD OF FACING A CRISIS INCREASING

% who have said their company has faced this issue in the past, and is likely to face each of the following issues in the next 3 years
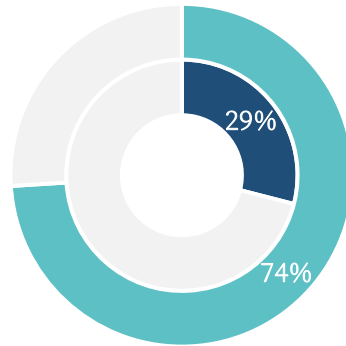● **has faced this issue in the past 3 years**
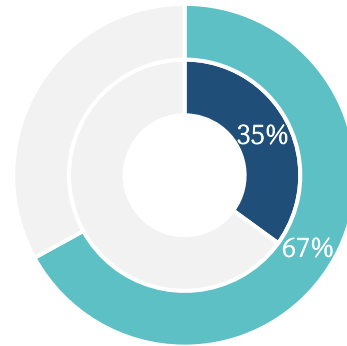● **is likely to face this issue in the next 3 years**

Digital issues
(including cybercrime and cybersecurity, viral social media conversation, online / social media or digital attacks)
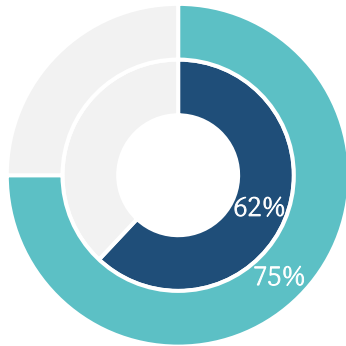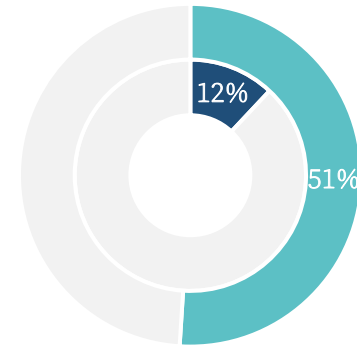
Activism against the company
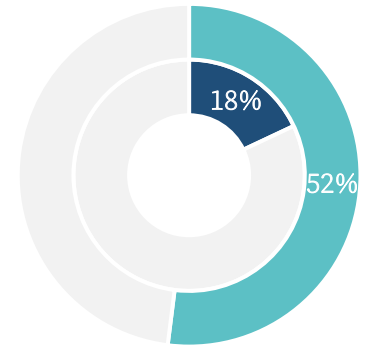(including employee, shareholder and customer)

Product & supply chain issues
(including product failure, quality or integrity issues or supply chain issues and disruption)

Diversity and inclusion related issues

Environmental issues
(including natural disasters)

Digital issues: 62% / 75%
Activism against the company: 29% / 74%
Product & supply chain issues: 35% / 67%
Diversity and inclusion related issues: 12% / 51%
Environmental issues: 18% / 52%

Digital issues (including cybercrime and cybersecurity, viral social media conversation, online / social media or digital attacks) and activism (including employee, stakeholder and customer activism) are the most anticipated issues

Edelman Connected Crisis 2021 Study. Q2. Which of the following types of crises has your company faced in the past 3 years? Base size: All respondents - 902. // Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years? Top 3. Base size: All respondents - 902.

FREQUENT AND DISRUPTIVE IS THE NEW NORM.

% who say their company is likely to face the following issue over the next 3 years…

63%

Consumer activism against the company

62%

Cybersecurity and cybercrime

62%

Employee activism against the company

62%

Shareholder activism against the company

59%

Viral social media issue

57%

Misinformation / disinformation issues

54%

Online / social media / digital attacks

52%

*Technology failures*

51%

Diversity and inclusion issues

Edelman Connected Crisis 2021 Study. Q4. How likely do you think it is for your company to face each of the following issues in the next 3 years? Top 3. Base size: All respondents - 902.

COMPANIES ARE NOT PREPARED.

Less than 1 in 2 executives say their company is well prepared to handle crises on a timely basis.

Only 46% of executives are well prepared to manage a cybercrime issue – despite 62% saying this is an issue they are likely to face in the next 3 years

Only 45% of executives are well prepared to manage an online, social media or digital attack

% who have said their company is well prepared / very well prepared to manage each of the following crises

☐ Very well prepared + Well prepared
■ Very well prepared
■ Well prepared

Crisis	Total	Very well prepared	Well prepared
Leadership changes	48%	21%	27%
Workplace misconduct	48%	22%	26%
Legal / regulatory issues	48%	24%	24%
Technology failures	47%	22%	25%
Labour issues	47%	24%	23%
Employee activism (against our company)	47%	25%	22%
Cybersecurity and cybercrime	46%	22%	24%
Financial / liquidity issues	46%	22%	24%
Diversity and inclusion issues	46%	22%	24%
Product failure, quality or integrity issues	45%	20%	25%
Online / social media / digital attacks	45%	21%	24%
Shareholder activism (against our company)	45%	21%	24%
Ethical misconduct or corruption	45%	22%	23%
Global health pandemic	45%	22%	23%
Supply chain issues or disruption	44%	21%	23%
Humanitarian issues	44%	22%	22%
Viral social media conversation	44%	23%	21%
Misinformation / disinformation issues	43%	21%	22%
Terrorism	42%	18%	24%
Consumer activism (against our company)	42%	21%	21%
Geopolitical disruption	39%	19%	20%
Natural disasters	39%	20%	19%

PREPARING FOR ACTIVISM

ACTIVISM IS ON THE RISE ACROSS CONSUMERS, EMPLOYEES AND SHAREHOLDERS ALIKE

% who say their company is likely to face the following issue over the next 3 years...

63%

Consumer
activism against the company

62%

Employee
activism against the company

62%

Shareholder
activism against the company

EXECUTIVES RECOGNIZE THE IMPACT ACTIVISM CAN HAVE

Activism impacts both reputation and operations.

69%
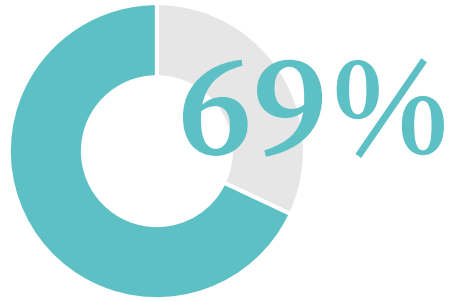
"I am concerned employee / consumer activism can have a ripple effect across my company"

53%
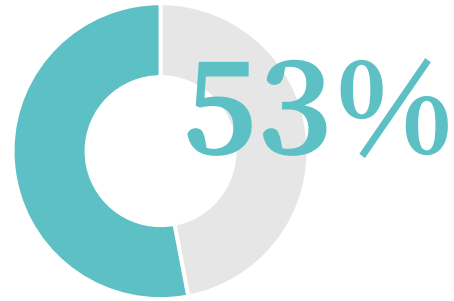
agree activism may have a high impact on business reputation and operations

But less than

1 in 2

executives say they are well prepared to handle activism-led crises

Edelman Connected Crisis 2021 Study. Q22. Thinking about consumer activism now, to what extent do you agree or disagree with the following statements? By consumer activism, we mean the actions taken by customers and consumers to speak out for or against brands on controversial issues that impact society. Top 3. Base size: All respondents - 902. // Q5. How much impact on your business reputation do you think the following issues might have on your company over the next 3 years should they arise? Top 3. Base size: All respondents - 902. // Q6. How much impact on your business operations do you think the following issues might have on your company over the next 3 years if there were to arise? Top 3. Base size – All respondents: 902.

EXPECTATIONS OF BUSINESS TO ADDRESS SOCIETAL ISSUES

This pressure arises both internally and externally, presenting an additional challenge in response to crisis.

68%

"My company is facing external pressure to be more vocal about key societal issues"

68%

"My company is facing internal pressure to be more vocal about key societal issues"

INTERNAL PRESSURE IS ON THE RISE

Employees are prepared to support or criticize their employer.

68%

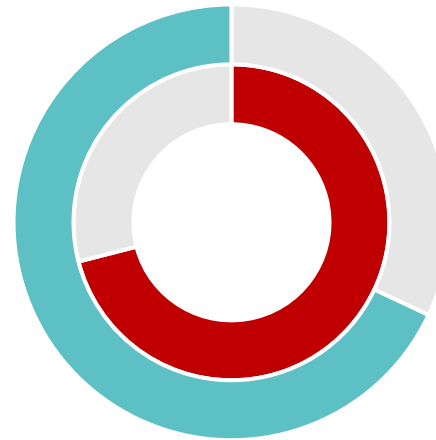*"My company has seen a rise in employee activism over the past 3 years"*

67%

"Employee activism poses a growing threat to the reputation of my company"

Percent who say employees in their company have spoken in favour, or against, their efforts

71%

Advocates

"Employees within my company have spoken up to take a stance on societal issues, supporting our company's approach"

68%

Detractors

"Employees within my company have spoken up to take a stance on societal issues, criticizing our company's approach"

Edelman Connected Crisis 2021 Study. Q20. Thinking about employee activism, to what extent do you agree or disagree with the following statements? By employee activism, we mean the actions taken by workers to speak out for or against their employers on controversial issues that impact society. Top 3. Base size – All respondents: 902
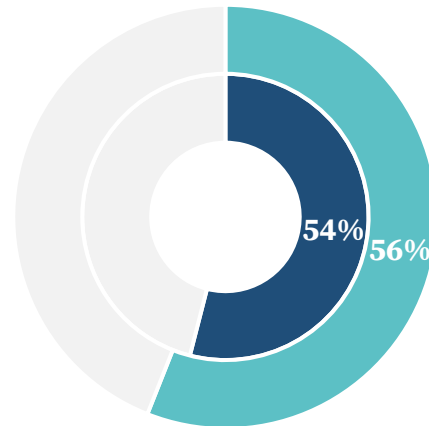
RESPONSE TO STAKEHOLDER EXPECTATIONS STILL NEEDS TO IMPROVE

Over 4 in 10 executives do not feel their company is well equipped to respond to consumer, customer or employee expectations.
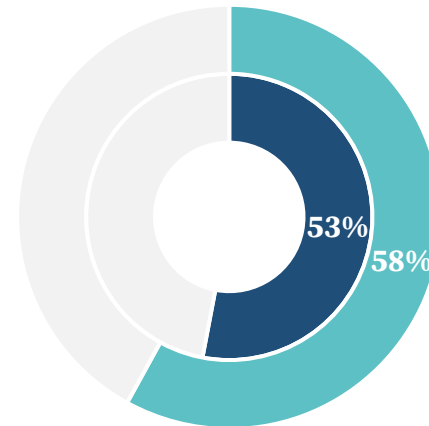
Social initiatives
(e.g., diversity and inclusion)
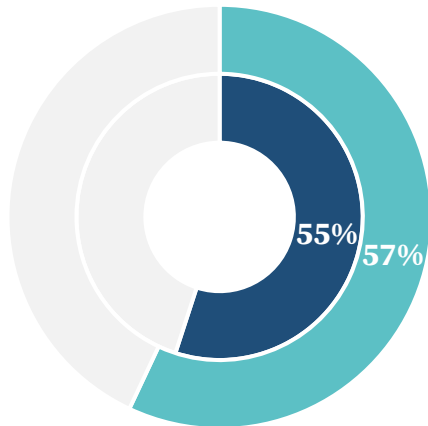
Environmental initiatives
(e.g., climate change)

Purpose initiatives
(i.e., doing good for society)

55% 57%

54% 56%

53% 58%

■ My company is well equipped to respond to respond to consumer and customer expectations on...

■ My company is well equipped to respond to respond to employee expectations on...

ADAPTING TO THE DIGITAL LANDSCAPE

THE DIGITAL-FIRST LANDSCAPE POSES KEY CHALLENGES IN MANAGING CRISES

SPEED & CROSS-CHANNEL APPROACHES HAVE CHANGED THE WAY WE CAN RESPOND TO CRISES.

75%

"The digital-first landscape (i.e., use of social media and digital channels) is making issues and crises more difficult to manage"

79%

of executives say that the speed of social media activity has changed the way they can manage crises

74%

of executives say that the speed of social media activity worries them in their response to crisis

Only **1 in 2**

of executives agree that their company is well prepared for the need to respond quickly across communications channels in its crisis preparedness plans (search, media buying, media relations, employee channels, etc.)

Edelman Connected Crisis 2021 Study. Q19. To what extent do you agree or disagree with the following statements? Top 3. Base size: All respondents - 902. // Q9. Now, please think of the lifecycle of a crisis, from pre-crisis prevention and preparation, through to crisis response and post-crisis recovery, to what extent do you agree or disagree with the following statements about your pre-crisis preparedness? Top 2. Base size: All respondents - 902.
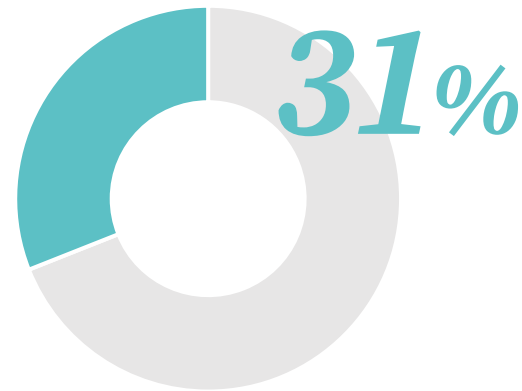
EXECUTIVES EXPECT TO FACE DIGITALLY-ROOTED ISSUES

**But only 1 in 3 executives consider that their company
can anticipate and handle them.**

75%

31%

29%
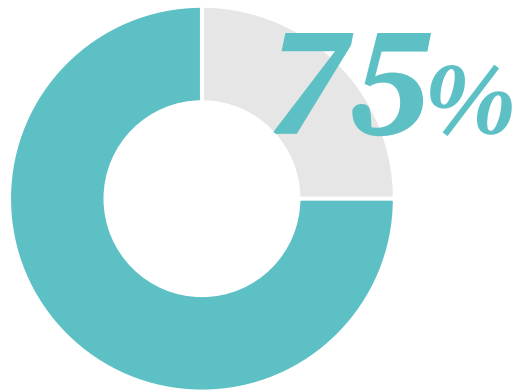
**Said their company
is likely to face
digital issues in the
next 3 years**

*Thinking about digital crisis
management, my company's*
*ability to anticipate and identify
risks today is very good*

*Thinking about digital crisis
management, my company's*
*ability to handle crises when
they arise today is very good*

WHILE THE MAJORITY REALIZE THE NEED TO INTEGRATE DIGITAL RESPONSE TACTICS, FEW ARE EQUIPPED TO DO SO

77%

of executives say that communicating through press releases and scripted responses is no longer enough in responding to crisis
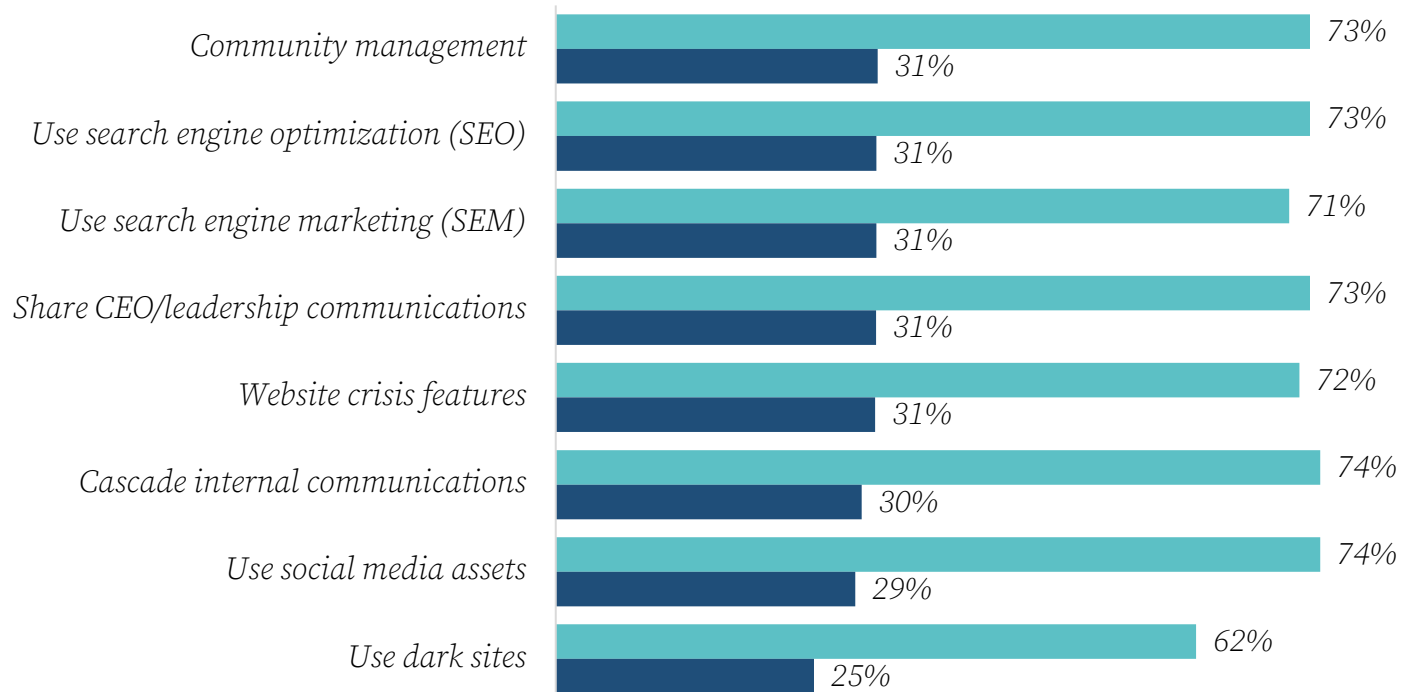
But less than

1 in 3

are always prepared to use other channels in their response

Assets used in response to a crisis
- Recognizes this as a useful channel or asset
- Always prepared to use these channels or assets when facing a crisis

Asset	Recognizes as useful	Always prepared
Community management	73%	31%
Use search engine optimization (SEO)	73%	31%
Use search engine marketing (SEM)	71%	31%
Share CEO/leadership communications	73%	31%
Website crisis features	72%	31%
Cascade internal communications	74%	30%
Use social media assets	74%	29%
Use dark sites	62%	25%

Edelman Connected Crisis 2021 Study. Q14. To what extent is your company prepared to use the following assets in its response to crisis? 'Our company is always prepared to do this'. Base size: All respondents - 902. // Q15. And how useful are or would be each of the following in helping your company's crisis management? Base size: All respondents - 902. // Q19. To what extent do you agree or disagree with the following statements? Top 3. Base size – All respondents: 902.
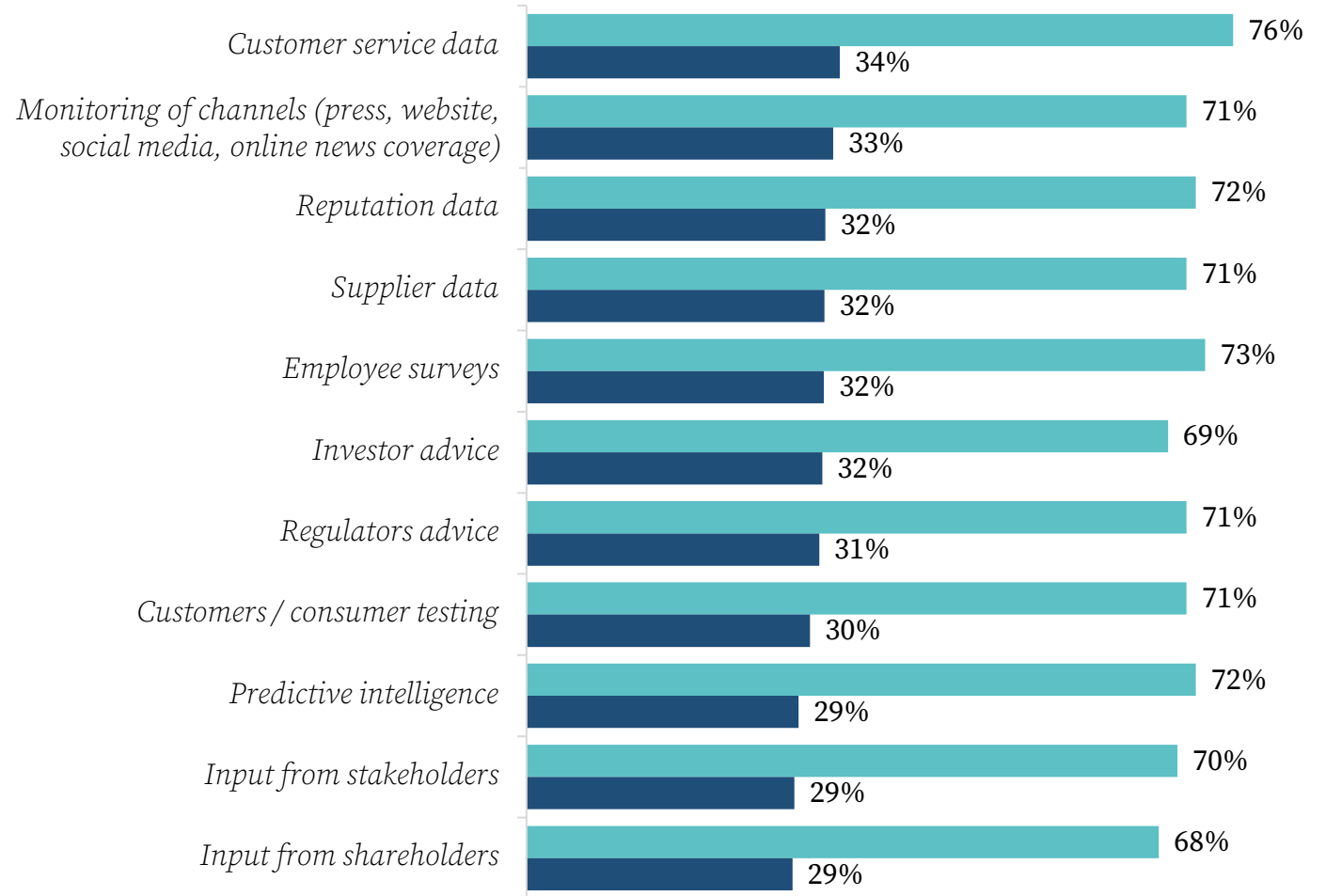
INSTINCT STILL DRIVES DECISION-MAKING

Significant gap between the recognized usefulness of data and consistent use of it when facing a crisis

Only

1 in 3

executives are consistently prepared to use any data source in their response to crisis.

Data sources used in response to a crisis

- Recognizes this as a useful source
- Always uses this data when facing a crisis

Data source	Recognizes useful	Always uses
Customer service data	76%	34%
Monitoring of channels (press, website, social media, online news coverage)	71%	33%
Reputation data	72%	32%
Supplier data	71%	32%
Employee surveys	73%	32%
Investor advice	69%	32%
Regulators advice	71%	31%
Customers / consumer testing	71%	30%
Predictive intelligence	72%	29%
Input from stakeholders	70%	29%
Input from shareholders	68%	29%

Edelman Connected Crisis 2021 Study. Q12. Now, please think of your current crisis management procedures. To what extent would you say your company uses the following data or inputs in crisis response plans. 'My company always uses this data in our crisis response plan'. Base size – All respondents: 902 // Q13. And how useful are or would be each of the following in helping your company's crisis management? NET Useful: Extremely useful & very useful. Base size – All respondents: 902.

INTEGRATION REMAINS A WORK IN PROGRESS

Only

1 in 2

say different organizational functions across the company are involved in designing crisis preparation plans (i.e., marketing, HR, employee communications, legal)
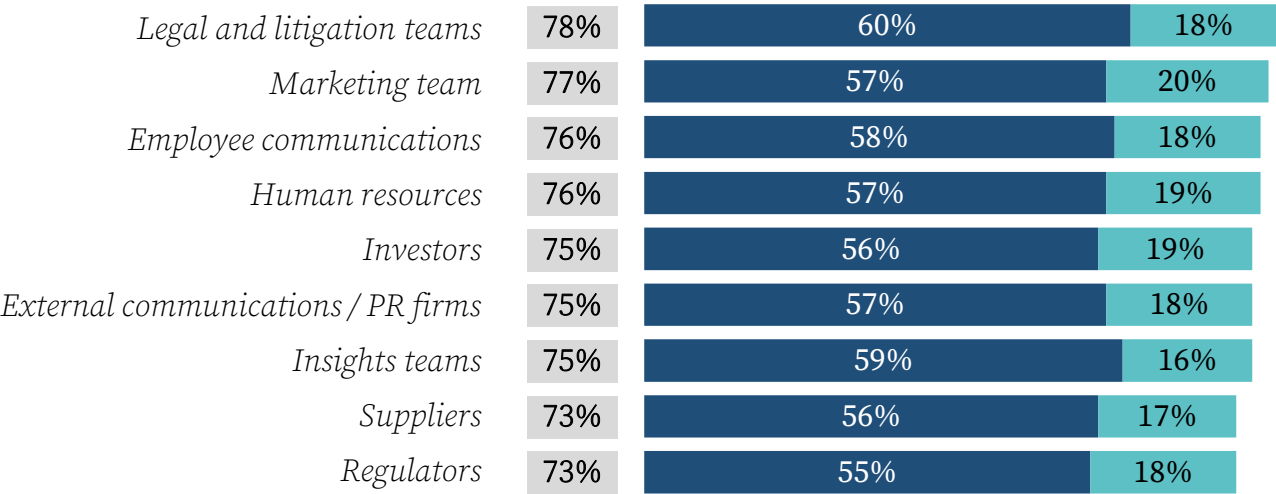
At best, only

1 in 5

executives say they are very effective in involving different organisational functions in the response to the crisis

And few say their companies are effectively integrating across teams.

% who have said their company is effective in involving different organizational functions or teams in responding to the crisis

- ⬜ Somewhat effective + Very effective
- 🟦 Somewhat effective
- 🟩 Very effective

Team	Total	Somewhat effective	Very effective
Legal and litigation teams	78%	60%	18%
Marketing team	77%	57%	20%
Employee communications	76%	58%	18%
Human resources	76%	57%	19%
Investors	75%	56%	19%
External communications / PR firms	75%	57%	18%
Insights teams	75%	59%	16%
Suppliers	73%	56%	17%
Regulators	73%	55%	18%

KEY TAKEAWAYS

KEY FINDINGS

The new crisis landscape

New crisis types and dynamics, fueled by cultural and technological shifts driven by digital platforms, are increasingly disrupting businesses.

A gap in preparedness

There are significant gaps between the importance placed by executives on many evolving aspects of crises, and the preparedness of companies to adapt.

Activism on the rise

Activism is on the rise, across consumers, shareholders and employees, and many executives do not feel equipped to respond.

Worried about digital and data

Executives expect to increasingly face challenges rooted in digital, but few believe that their company can navigate them.

THE PATH FORWARD

A new approach to crisis management is needed.

1
Re-assess risk for today's landscape

Organizations need to reassess their risk landscape if they are to prepare for new threats driven by the emergence and growth of new crisis types and dynamics.

2
Enable action on social issues

Leaders must apply a consistent decision-making framework to determine when and how to take a stand on societal issues.

3
Place Employees at the center

Executives must consider employees as a primary audience given the systemic impact of crises and as employee activism rises.

4
Re-examine digital and data integration

Companies must ensure digital and data are deeply integrated from crisis planning onwards, and shift from a media-first to a stakeholder-first mindset.

EDELMAN IS UNIQUELY PREPARED TO HELP YOU NAVIGATE THE CONNECTED CRISIS LANDSCAPE.

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